

EL CAJON ECONOMIC DEVELOPMENT STRATEGIC PLAN



Prepared for:

City of El Cajon, California

June 2, 2022

PREPARED BY:



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INC.

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1. Introduction

This document provides a strategic framework to guide the City of El Cajon’s economic development policies and programs over the next 5 years. The El Cajon Economic Development Strategic Plan (EDSP) is based on a comprehensive research and stakeholder input process, and reflects consensus views on the most promising opportunities and the most pressing challenges facing El Cajon’s economy. While the EDSP places primary emphasis on actions and initiatives to be pursued by the City, it recognizes that a wide array of public- and private-sector entities have roles in influencing the economic vitality of El Cajon. In this regard, some of the recommended actions will be carried out through partnerships with other entities. Even for those action items in which the City’s role is essentially coordination, this function can take many forms and is often critical to solving problems that may not otherwise have a clear constituency or single responsible entity assigned to resolving them.

Consistent with the typical scope of a municipal economic development program, the EDSP places primary emphasis on programs and actions that directly attract new businesses investment, create high-paying jobs, and improve the City’s fiscal position. Peripheral issues, including housing development and residential neighborhood revitalization, are recognized as foundational to a healthy local economy but are not the focus of the EDSP Action Plan since they are addressed in other City policies/documents (e.g., Housing Element and Consolidated Plan).

Overview of the Strategic Planning Process

The recommended policies and program activities are based on an extensive planning process that included the following components:

- An analysis of El Cajon’s existing and projected demographic profile, providing an understanding of underlying trends that may affect economic growth potentials.
- Direct input from a cross section of the City’s economic development stakeholders (the EDSP Committee listed below) via a series of workshop-style meetings.
- A review of the various public- and private-sector entities involved in different aspects of economic development (or related activities), along with an inventory of their existing program offerings.
- An industry “cluster” analysis to identify the industry groups (clusters) that are the most important “engines” of the existing local economy, as well as the industry groups that are likely to offer the most attractive growth potentials in the future.
- A real estate market analysis to identify potential future demand for commercial and light industrial¹ development in the City.
- A 30-day public review period for the draft EDSP.

For both the industry cluster analysis and the real estate demand projections, conclusions were screened through the lens of the ongoing pandemic to identify ways in which immediate and longer-term market opportunities may be altered due to current conditions.

¹ For purposes of the EDSP, “light industrial” is defined to include business park and “tech flex” space, representing facility types well suited for a range of technology-oriented industries.

Where relevant, key findings of the background and technical studies are referenced in the EDSP. The full studies are provided as separate reports.

EDSP Committee

The City of El Cajon gratefully acknowledges the participation of the following individuals in the preparation of the EDSP.

City of El Cajon

Councilmember Phil Ortiz
El Cajon City Council

Vince DiMaggio
Assistant City Manager

Tony Shute
Community Development Director

Business/Community Stakeholders

Cameron Czubernat, Broker/Principal
Commercial Properties Group

Greg Kaminski, President
Gary Kaminski, President
Toyota of El Cajon and Honda of El Cajon

Cathy Zeman, CFO and Board Member
Downtown El Cajon Business Partners
(Property Business Improvement District)

Daisy Melena, General Manager
Parkway Plaza

James Sly, President and CEO
East County Economic Development Council

2. Executive Summary

Action Plan Goals and Scope

The EDSP Action Plan is designed to achieve the following major goals:

- Expand economic opportunities for El Cajon’s resident workforce
- Revitalize El Cajon’s commercial and industrial areas
- Strengthen the City’s fiscal position

Whereas these goals largely revolve around attracting and retaining targeted business investment, the Action Plan recognizes that the strength of the local business/development environment will ultimately depend on El Cajon’s strategic attention to a range of “foundational” conditions such as:

- Education/workforce development systems
- Entrepreneurial development resources
- The City’s reputation for business/development friendliness
- Land, zoning and infrastructure capacity
- Placemaking activities that leverage El Cajon’s unique locational advantages and sense of community (including selected housing issues²)
- Overall image and quality of life

On a practical level, implementation of this framework will be carried out through the nine specific strategies outlined below.

² As noted in the Introduction, broader housing issues (e.g., affordability, residential neighborhood revitalization, etc.) are not the focus of the EDSP Action Plan. However, selected housing topics are discussed within the context of other EDSP objectives (e.g., placemaking and downtown initiatives).

Prioritization of City Resources

The EDSP is intended to provide a “roadmap” to guide the City’s economic development efforts over the next five years (starting in Fiscal Year 2022-2023). The Action Plan is intended to assist the City in aligning its program priorities to match the market opportunities identified during this planning effort. **Whereas many of the proposed strategies involve activities that the City is already undertaking to some extent, the Action Plan also recommends some programs that would be new activities for the City. As such, full implementation of the Plan would likely require additional City staff dedicated to economic development (as further discussed on page 6 below).** In addition, the Plan identifies opportunities for the City to leverage its in-house economic development resources through collaboration with various non-City partner organizations. Recognizing that the City’s priorities for economic development are likely to evolve during the course of the 5-year implementation period, the Plan includes guidelines for periodically monitoring the effectiveness of initial efforts and adjusting the recommended programs based on changes in circumstances, available resources, etc.

EDSP Strategies

The EDSP Action Plan is organized around nine major strategies, shown below organized under the headings of A) Industry Targeting, B) Umbrella Programs, and C) Land Use/Placemaking:

Industry Targeting: Business Development / Job Creation

1. Focus City’s ***business retention/expansion/attraction*** efforts around high-priority industry clusters
2. Collaborate with regional partners to expand availability of ***entrepreneurial development*** resources in El Cajon
3. Implement targeted ***economic development marketing program***

Umbrella Programs: Creating an Environment for Economic Progress

4. Leverage the City’s in-house resources for economic development through ***strategic partnerships, interdepartmental collaboration, and community involvement.***
5. Enhance City’s interface with ***education/workforce development*** partners

Land Use / Placemaking Programs: Physical Changes to Accommodate Quality Growth

6. Position Downtown El Cajon as a ***regional arts/entertainment center***
7. Implement ***“reposition retail” initiative*** to facilitate revitalization and/or repurposing of high-vacancy shopping centers based on potential market demand for other land uses (including “tech flex” space, office, residential and mixed-use)

8. Implement strategic initiative to **attract investment in new (speculative) business park / “tech flex” buildings** to accommodate targeted business growth
9. Implement integrated effort to **expand the City’s land, zoning and infrastructure capacity** to accommodate anticipated development demand

High-Impact Action Items for Priority City Investment

Within each of the nine major strategies, the EDSP outlines a series of specific Action Steps. Some of the action items are relatively modest in scope (but still essential as parts of a comprehensive program), whereas others are high-impact action items that can be regarded as economic development “game changers” for El Cajon. These high-impact actions are highlighted on the table below (and are potentially candidate uses of available ARPA funding).

| Major Strategy | High-Impact Action Items/ Investments |
|---|---|
| Business retention/expansion/attraction | <ul style="list-style-type: none"> • Target industry identification and outreach (locally and regionally) |
| Entrepreneurial development | <ul style="list-style-type: none"> • Coordination of startup assistance programs offered by partners • Potential facilitation of (or direct investment in) development of business incubator |
| Economic development marketing program | <ul style="list-style-type: none"> • Professionally designed, ED-specific marketing campaign |
| Strategic partnerships | <ul style="list-style-type: none"> • Periodic special events to recognize and strengthen relationships with public and private partners (including development community) |
| Workforce development coordination | <ul style="list-style-type: none"> • Interface between El Cajon’s major employers and workforce development organizations |
| Positioning downtown as regional arts/entertainment center | <ul style="list-style-type: none"> • Facilitation of public-private Downtown Working Group (to identify specific needs and actions to elevate downtown’s market position) • Downtown component of overall marketing campaign |
| “Reposition retail” initiative | <ul style="list-style-type: none"> • Direct outreach to commercial/industrial property owners to identify opportunities for reinvestment in (or repurposing of) under utilized real estate • City-funded incentives to encourage reinvestment |
| Attract investment in new business park / “tech flex” space | |
| Expand land, zoning and infrastructure capacity | <ul style="list-style-type: none"> • Implementation of “floating zone” concept to expedite zone changes for targeted land use changes • Expedited CEQA processes (funded by City as an incentive for land use change) • Policies to incentivize reuse of underutilized sites |

Potential Deployment of New City Resources / Staffing

The recommended Action Plan would require deployment of new City resources in order to be effectively implemented. The consultant recommends the following resource commitments for the City’s consideration/discussion:

| Major Strategy | Additional ED Staff (FTE Allocations by Strategy) | Other Resource Commitments (Amounts TBD) |
|---|---|--|
| Business retention/expansion/attraction | 0.25 | |
| Entrepreneurial development | 0.10 | <ul style="list-style-type: none"> • Funding for contracted incubator operator • Funding for incubator development and marketing |
| Economic development marketing program | 0.05 | <ul style="list-style-type: none"> • Professional marketing agency (program design and implementation) |
| Strategic partnerships | 0.10 | |
| Workforce development coordination | 0.05 | |
| Positioning downtown as regional arts/entertainment center | 0.10 | <ul style="list-style-type: none"> • Special events • Marketing • Development incentives |
| “Reposition retail” initiative | 0.25 | <ul style="list-style-type: none"> • Development incentives • Design prototypes and financial analysis (part of marketing package to encourage reinvestment) |
| Attract investment in new business park / “tech flex” space | | |
| Expand land, zoning and infrastructure capacity | 0.10 | <ul style="list-style-type: none"> • Profession planning and environmental services |
| Total | 1.00 | |

Recommended Business Retention/Expansion/Attraction Targets

The EDSP target industry analysis identified a total of 13 industry clusters that are of potential interest to El Cajon. Among the 13 clusters, eleven are recommended as strategic targets, with six of these clusters recommended as priority targets for this Action Plan³. The priority and other clusters are organized below under the two categorical headings within which they were derived:

- **Core strengths.** Build on El Cajon’s existing core strengths in “traded” (dollar-importing) clusters (Local Health Services would be an example of a core strength)
- **Regional clusters.** Tap into dominant regional industry clusters that are not currently well represented in El Cajon (e.g., Biopharmaceuticals)

| Priority Industry Cluster | Cluster recommendations reflecting: | |
|--|-------------------------------------|-------------------|
| | Core strengths | Regional clusters |
| 1. Information Technology and Analytical Instruments | | X |
| 2. Medical Devices | | X |
| 3. Biopharmaceuticals | | X |
| 4. Real Estate, Construction and Development | X | |
| 5. Aerospace Vehicles and Defense | X | |
| 6. Health Services | X | |

| Other Strategically Significant Clusters | Cluster recommendations reflecting: | |
|--|-------------------------------------|-------------------|
| | Core strengths | Regional clusters |
| 7. Business Services | | X |
| 8. Communications Equipment and Services | | X |
| 9. Recreational and Small Electric Goods | X | |
| 10. Motor Vehicle Products and Services | X | |
| 11. Environmental Services | X | |

³ In order to efficiently concentrate available marketing resources on the most promising target industries, the EDSP will include an *initial* focus on the six priority clusters. The remaining five clusters would potentially be added as secondary priorities later in the implementation period (i.e., Year 3 or later).

3. SWOT Assessment

The technical studies and stakeholder input provided the basis for identification of important SWOT (strength-weakness-opportunity-threat) factors affecting El Cajon’s economic development potentials. The most significant SWOT issues are summarized below.

| SWOT SUMMARY FOR EL CAJON EDSP | |
|---|---|
| <u>Strengths</u> | <u>Weakness</u> |
| <ul style="list-style-type: none"> Existing concentration of retail and entertainment facilities attracts patronage from regional trade area (i.e., outside city) Proximity to well-developed transportation infrastructure Relative affordability compared to other parts of the County City leadership focused on improving economic development opportunities through business/development friendly policies | <ul style="list-style-type: none"> Some unfavorable demographic/economic characteristics (income levels, poverty rates, unemployment rates, etc.) relative to region Limited supply of upscale amenities that appeal to high-skilled workers: hotels, restaurants, etc. Concentration of local-serving industries relative to “export-oriented” industries, which tend to have higher wages and more economic spin-off opportunities |
| <u>Opportunities</u> | <u>Threats</u> |
| <ul style="list-style-type: none"> Additional regional arts/entertainment options in Downtown El Cajon; Magnolia Performing Arts Center as an anchor for these uses Existing opportunities for mid-market ownership homes (\$500-\$600K); limited supply in other parts of county Economic development opportunities based on location and tie-ins with existing airport Significant local labor force that currently commutes out of the region: potential opportunity for business attraction efforts | <ul style="list-style-type: none"> Relatively high shares of transient and homeless populations Regional government policies that do not promote economic development priorities in the East County region Lack of high-quality, modern real estate buildings – office and business park – to accommodate more desirable industries that are currently relocating to other parts of the County |

4. Highlights of Background/Technical Studies

Demographic Profile

The demographic background report⁴ prepared for the EDSP provides socioeconomic comparisons for the following geographies: El Cajon, the East Suburban Metropolitan Statistical Area (MSA, excluding El Cajon)⁵, San Diego County and California. Highlights of El Cajon’s demographic profile include the following:

General Demographic Characteristics

- For the 16 years and over population, the City has a lower share of residents in the labor force, compared to San Diego County. Compared to the other benchmark regions, the City’s share was only slightly lower. The unemployment rate was significantly higher in the City compared to the benchmark geographies, including for the 25 to 64 years population (more detailed unemployment data are summarized below).
- El Cajon residents are more likely to use public transportation, compared to residents in the East Suburban MSA and the County. However, a smaller share work at home compared to the benchmark geographies. Residents across the evaluated geographies have relatively similar commute times.
- In terms of occupational employment, a smaller share of El Cajon residents is employed in *Management, business, science, and arts* occupations compared to the benchmark geographies. In contrast, El Cajon residents hold a relatively higher share of jobs in *Service* occupations.
- In terms of industry sector employment, the largest share of El Cajon residents (20.5%) is employed in the *Educational services, health care and social assistance* sector (similar to the benchmark geographies). Compared to the benchmark geographies, El Cajon has a relatively larger share (14.9%) of residents employed in the *Arts, entertainment, & recreation, & accommodation & food services* sector. In contrast, the City has a relatively smaller share (11.6%) of its residents employed in the *Professional, scientific, and management, and administrative & waste management services* sector.
- For the income and benefits category, the largest share of El Cajon households (17.9%) is in the \$50,000 to \$74,999 household income range. The City’s households are relatively underrepresented (4.5%) in the highest household income range (\$200,000 or more). The City’s

⁴ This summary is excerpted from Analysis of Key Datasets for Economic Development Strategic Plan, The Natelson Dale Group, Inc., December 1, 2021.

⁵ The San Diego Association of Governments (SANDAG) divides the County into seven Major Statistical Areas (MSAs), partly for evaluating regional economic and demographic data. The East Suburban MSA is one of these seven MSAs, and it includes the City of El Cajon. The seven MSAs are aggregations of Subregional Areas (SRAs), which are aggregations of census tracts that identify large communities in the region. The East Suburban MSA includes the following SRAs: Jamul, Spring Valley, Lemon Grove, La Mesa, El Cajon, Santee, Lakeside, Harrison Crest, Alpine, and Ramona. For purposes of this analysis, data provided for the East Suburban MSA exclude the El Cajon SRA, given that the focus is to compare El Cajon to benchmark regions.

average household income level (\$73,911) is relatively lower than the level in the benchmark geographies. The City's per capita income level is about 66% to 74% of the benchmark geographies' level.

- The City's health insurance coverage rates are relatively similar to the benchmark geographies, save for a couple categories. However, a smaller share of El Cajon's residents (52.8%) has private health insurance compared to the benchmark geographies. They are much more likely to have public coverage (48.5%). This trend is consistent across all categories of the civilian noninstitutionalized population 19 to 64 years.
- Poverty rates – as measured by families and people whose income in the past 12 months was below the poverty level – for all categories of families are relatively higher in El Cajon compared to the County and the State.

Housing Characteristics

- The occupied housing rate (96.3%) in El Cajon is higher than in all the benchmark geographies.
- About 39.1% of El Cajon housing units are *1-unit, detached* structures, which is well below the shares in the benchmark regions. Compared to the benchmark geographies, El Cajon has significantly higher shares of housing units in the following unit count ranges: *10 to 19 units* (14.3%) and *20 or more units* (20.1%)
- Only about 6.5% of El Cajon housing units have been built since the year 2000, well below the shares in the benchmark geographies. About one-half (49.8%) of El Cajon's housing units were built between the 20-year period from 1960 to 1979, a higher share than all the benchmark geographies.
- As significantly higher share (58.9%) of El Cajon's housing units are renter-occupied compared to the benchmark geographies.
- Monthly housing costs – measured as percentage of household income – in El Cajon vary for ownership versus rental properties. For housing units with a mortgage, one-fourth (25.0%) of El Cajon households have monthly expenses that are 35.0% or more of household income. This share is below all the benchmark geographies. For rental dwelling units, about 51.4% of El Cajon households have gross rent costs that are 35.0% or more of household income. In contrast, this share is above the shares in the benchmark geographies.

Educational Attainment

- El Cajon underperforms in terms of educational attainment relative to the benchmark geographies. For the 18 to 24 years age category, El Cajon has the lowest share of the population (4.9%) with a *Bachelor's degree or higher*. The same finding applies to the 25 years and over age category as well: just over one-fifth (20.9%) of the City is in the *Bachelor's degree or higher category*, well below the shares in the benchmark geographies.
- For the population 25 years or over with a Bachelor's degree or higher, the City has the lowest share of residents – compared to the County and State – with a *Science and Engineering* (37.7%) a degree. The share is similar to the East Suburban MSA (37.0%).

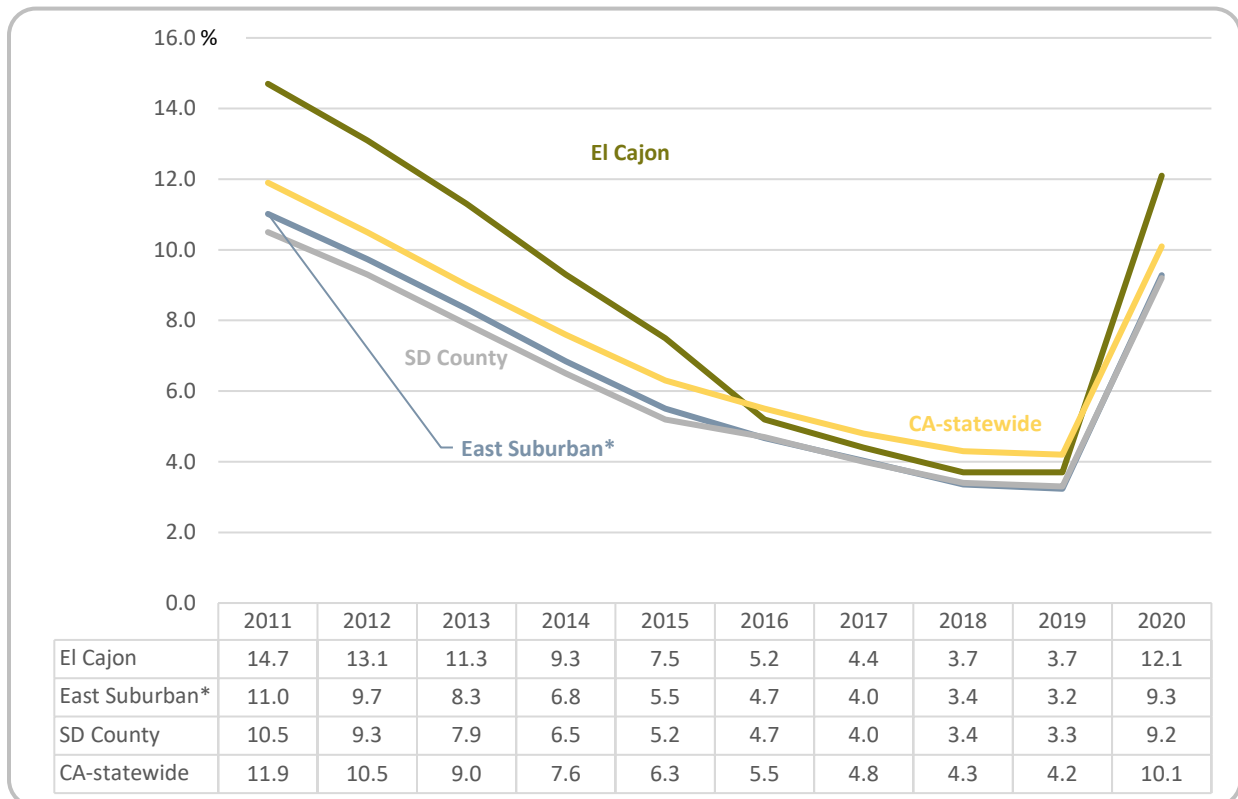
Household Composition

Average household and family sizes are slightly higher in El Cajon relative to the benchmark geographies. In addition, the data for selected age categories show that El Cajon has relatively younger population compared to the benchmark geographies. For example, about one-fourth (25.3%) of the City’s population is under 18 years, which is a higher share relative to benchmark geographies.

Resident Unemployment Rates

Figure 1, below, provides annual average unemployment rate estimates for El Cajon, East Suburban MSA (selected cities), San Diego County, and California for the 10-year period from 2011 to 2020. As shown in the figure, during the recovery from the Great Recession (between 2011 and 2015), El Cajon’s unemployment rates were the highest among all geographies. The City experienced a significant decrease in the unemployment rate from 2016 to 2019. As a consequence of the coronavirus pandemic, all evaluated geographies experienced a significant increase in unemployment rates, with El Cajon experiencing the most significant increase (8.4 percentage points between 2019 and 2020).

FIGURE 1. UNEMPLOYMENT RATE ESTIMATES: EL CAJON, EAST SUBURBAN MSA*, SAN DIEGO COUNTY, AND CA (2011-20)

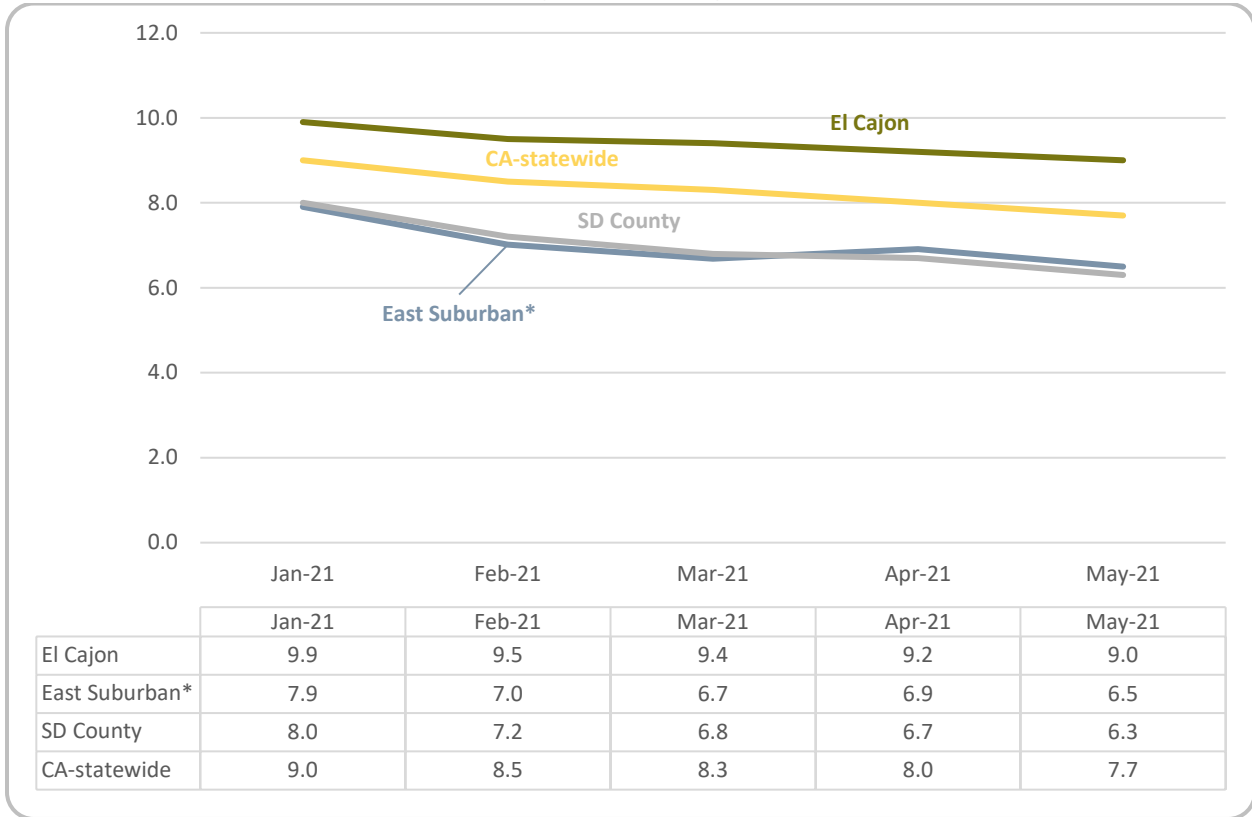


Source: Bureau of Labor Statistics (BLS), Local Area Unemployment Statistics (LAUS) program; TNDG.

*East Suburban MSA includes available labor force data for the cities of La Mesa, Lemon Grove, and Santee.

In Figure 2, the same unemployment rate data is provided for the first five months of 2021. As the economy recovers, unemployment rates have declined for all four evaluated geographies for the first five months of 2021. However, El Cajon has experienced the slowest decline in rates, with the unemployment rate decreasing by 0.9% percentage points from January to May.

FIGURE 2. UNEMPLOYMENT RATE ESTIMATES: EL CAJON, EAST SUBURBAN MSA*, SAN DIEGO COUNTY, AND CA (JAN-MAY 2021)



Source: Bureau of Labor Statistics (BLS), Local Area Unemployment Statistics (LAUS) program; TNDG.

*East Suburban MSA includes available labor force data for the cities of La Mesa, Lemon Grove, and Santee.

Market Demand Projections for Commercial and Light Industrial Land Uses

As part of the EDSP process, The Natelson Dale Group, Inc. (TNDG) completed a real estate market analysis to provide 20-year forecasts of demand for new business park (light industrial), office and retail space in El Cajon. Tables 1 and 2 on the following pages provide an abbreviated summary of the market analysis (which is more fully documented in a separate report). Given the wide range of variables that can affect development opportunities over an extended timeframe, the demand projections for each land use are presented in terms of *ranges* (rather than single definitive forecasts) of potential building absorption. **The market projections represent unconstrained/theoretical demand based on expected regional growth. The indicated demand exceeds El Cajon’s existing land/zoning capacity. The EDSP therefore places significant emphasis on strategies to expand development capacity through redevelopment/repurposing of existing underutilized properties.**

**Table 1. Summary of Commercial/Light Industrial Market Analysis
(20-year Demand Projections)
City of El Cajon Economic Development**

| Geographic Area | Light Industrial (1) | Office | Retail |
|---|-----------------------------|---|--|
| <u>El Cajon</u> Existing space (square feet) Existing vacancy rate | 9,746,143 2.2% | 714,892 2.7% | Data not available at city level |
| <u>East County</u> Existing space (square feet) Existing vacancy rate | 21,524,778 1.9% | 2,456,758 4.0% | 19,523,057 4.2% |
| <u>San Diego County total</u> Existing space (square feet) Existing vacancy rate | 197,695,886 3.2% | 80,691,801 13.9% | 135,718,717 4.9% |
| <i>Projected 20-year demand for new space (square feet) in El Cajon:</i> | 500,000 – 750,000 | 250,000 – 375,000 (includes medical office) | 250,000 – 500,000 (includes services space in retail centers) |

(1) Light industrial includes business park and “tech flex” space suitable for technology-oriented industries.

Sources: Kidder Matthews Industrial Market Trends (4Q 2021); JLL Office Insight (Q4 2021); Voit Real Estate Services San Diego Retail report (4Q 2021); The Natelson Dale Group, Inc. (TNDG).

**Table 2. Key Market Strengths, Opportunities and Challenges for
Commercial and Light Industrial Real Estate Development
City of El Cajon EDSP**

| Market Factors | Light Industrial | Office | Retail |
|--|---|--|--|
| Market strengths/opportunities for El Cajon | <ul style="list-style-type: none"> • Potential demand generation from Gillespie Field airport • Global demand surge for industrial space due to e-commerce growth • Potential repatriation of out-commuting workers could generate demand for R&D/tech tenants • Potential nexus to entrepreneurial development initiatives | <ul style="list-style-type: none"> • Potential repatriation of out-commuting workers could create office-using firms/tenants • Potential to position East County as a viable option for tech firms currently concentrated in North County • Potential to position East County as a location for shared office space attractive to “hybrid” remote workers • Potential nexus to entrepreneurial development initiatives | <ul style="list-style-type: none"> • Established/prominent retail destination within East County • Population growth in East County will drive incremental growth in retail space demand • Potential to leverage downtown as arts district (and an attractor of regional demand for retail/restaurant spending) • Potential to leverage El Cajon’s concentration of automobile dealerships |
| Market challenges for El Cajon | <ul style="list-style-type: none"> • Lack of available/modern industrial space inhibits business attraction • Limited land/zoning capacity for additional business park development (need to focus on redevelopment/ repurposing of existing underutilized properties) | <ul style="list-style-type: none"> • El Cajon is unproven as a Class A office market • Remote work trend may reduce overall demand for new office space • High vacancy rates regionally may delay development opportunities for new space in outlying areas | <ul style="list-style-type: none"> • Global trends are reducing footprint of brick-and-mortar retail • El Cajon’s existing image issues (homelessness, etc.) undermine market position • Need to proactively plan for reuse/repositioning of older retail properties |
| Source: The Natelson Dale Group, Inc. (TNDG) | | | |

Target Industry/Cluster Analysis

This section provides a summary of the target industry/cluster analysis completed for the EDSP process. The analysis (considers industry growth/retraction trends in the City of El Cajon, comparing the local economy's recent and longer-term performance to regional and national benchmarks.

The study evaluates the City's economy in terms of industry "clusters." Clusters are groups of inter-related industry sectors whose growth potentials within a region tend to be closely aligned. The tendency of individual industries to co-locate in clusters reflects linkages through supply-chain relationships, as well as commonalities in terms of workforce requirements and infrastructure needs. The concept of industry clusters is an effective framework for economic development programming since it reflects a holistic understanding of the regional economic conditions driving the growth or retraction of individual sectors. Nationally, the Cluster Mapping Project used in this analysis recognizes a total of 70 clusters, with 19 classified as "local" clusters and 51 classified as "traded" clusters.

Total current (2020) employment in the El Cajon area⁶ is estimated at 65,159 jobs⁷. Of this total, 64,274 jobs are in industries that are included in either a "local" or "traded" cluster (as further defined below); the remaining 885 jobs are in miscellaneous industries not associated with specific clusters. The local clusters currently represent a total of 50,914 jobs in the El Cajon area, while the traded clusters account for 13,359 jobs.

Whereas local and traded clusters are both critically important components of a balanced economy, they have distinct roles and characteristics, and these distinctions can be helpful in terms of planning economic development programs. Some of these distinctions are summarized as follows:

- **Local clusters** typically form the core of a region's economy; they primarily provide goods and services for the local (resident) population. They tend to account for the majority of jobs in a region (in the case of the El Cajon area, local clusters represent 78% of total jobs), and support a high quality of life by ensuring the availability of a diverse range of goods and services.
- **Traded clusters** are "export-oriented" in the sense that they include industries that are engaged in producing goods and services for end customers outside the region. Traded clusters represent close to 21% of the jobs in the El Cajon area, and are especially important from an economic development perspective given that they tend to have higher wages and higher "multiplier impacts" compared to local clusters. That is, they have a strong potential to inject new dollars into the local economy and thereby serve as "drivers" for broader economic growth.

⁶ Based on the data source used for this analysis, the El Cajon area is defined to include the following zip codes: 92019, 92020, and 92021. The geographic area covered by these zip codes includes some employment centers outside the City's boundaries. Thus, total El Cajon employment indicated in this report exceeds the number of jobs located within the City limits.

⁷ All employment data used in this analysis are from EMSI – a private data/modeling firm nationally regarded for its ability to provide detailed (6-digit NAICS code) industry employment estimates for small areas of geography (cities and zip codes).

Existing Important Clusters in El Cajon Area

Table 3 on the next page lists all traded clusters that had 50 or more jobs in the El Cajon area in 2020, and provides the following information about each listed cluster:

- Total number of jobs in the El Cajon area in 2020 (the latest full year for which data are available)
- Location quotient (compared to U.S. benchmark) in 2020. The location quotient (LQ) measures how concentrated/important an industry cluster is in a region compared to national benchmarks. An LQ value greater than 1.0 indicates that a cluster is more concentrated in the region than it is nationally. This is generally regarded as an indication that the region has a comparative advantage relative to a particular cluster, although (especially for local clusters) an LQ below 1.0 can indicate a potential growth opportunity.
- Average annual wage for jobs in the El Cajon area⁸
- Change in the number of jobs for the most recent 10-year period, 2010-2020

Table 4 provides the same data for local clusters that had more than 500 jobs in the El Cajon area in 2020.

Tables 5 and 6 summarize cluster job growth/retraction performance in the El Cajon area, the East County region (excluding El Cajon), and San Diego County compared to national trends. This part of the study is based on a “shift-share” analysis for each cluster that estimates an “expected” job change based on national trends. If the El Cajon area (or East County or County) has higher job growth (or experiences less severe job losses) compared to the expected change, it indicates that the local area (or East County or County) has performed better than national trends. Conversely, if El Cajon area/East County/County has less job growth (or experiences more severe job losses) compared to the expected change, it indicates that the local area/East County/County has performed worse than national trends.

⁸ Wage data are for jobs (not residents) based in El Cajon.

**TABLE 3. SUMMARY CHARACTERISTICS AND TRENDS, EL CAJON AREA LARGEST TRADED CLUSTERS
(LIST INCLUDES ALL CLUSTERS WITH MORE THAN 50 JOBS IN 2020)**

| TRADED CLUSTER | JOBS | LQ | COUNTY LQ* | AVG ANN WAGE | 10-YR JOB CHANGE |
|---|---------------|-------------|-------------|-----------------|------------------|
| Education and Knowledge Creation | 4,675 | 1.69 | 1.45 | \$60,187 | (213) |
| Business Services | 1,518 | 0.37 | 1.10 | 94,658 | 380 |
| Distribution and Electronic Commerce | 964 | 0.38 | 0.64 | 99,407 | (63) |
| Aerospace Vehicles and Defense | 926 | 3.49 | 2.90 | 115,091 | (491) |
| Recreational and Small Electric Goods | 595 | 7.79 | 1.64 | 82,665 | (22) |
| Hospitality and Tourism | 515 | 0.51 | 1.33 | 47,095 | (288) |
| Furniture | 361 | 2.34 | 0.40 | 66,327 | (14) |
| Information Technology and Analytical Instruments | 358 | 0.63 | 1.69 | 98,170 | (105) |
| Environmental Services | 286 | 5.40 | 0.81 | 79,867 | 61 |
| Wood Products | 265 | 1.65 | 0.20 | 81,379 | 37 |
| Plastics | 256 | 0.97 | 0.42 | 71,341 | 22 |
| Financial Services | 249 | 0.29 | 0.90 | 136,688 | (70) |
| Transportation and Logistics | 240 | 0.28 | 0.51 | 65,205 | 20 |
| Paper and Packaging | 232 | 1.59 | 0.27 | 51,444 | 77 |
| Metalworking Technology | 232 | 1.26 | 0.56 | 64,124 | 19 |
| Production Technology and Heavy Machinery | 190 | 0.50 | 0.72 | 89,302 | 57 |
| Downstream Metal Products | 177 | 0.96 | 0.41 | 75,095 | 37 |
| Upstream Metal Manufacturing | 177 | 1.15 | 0.27 | 76,762 | 118 |
| Performing Arts | 151 | 0.67 | 1.08 | 41,022 | (43) |
| Marketing, Design, and Publishing | 141 | 0.20 | 0.97 | 77,021 | 5 |
| Lighting and Electrical Equipment | 116 | 0.92 | 0.61 | 73,394 | 42 |
| Printing Services | 105 | 0.63 | 0.64 | 65,531 | (36) |
| Medical Devices | 85 | 0.69 | 2.18 | 136,972 | (26) |
| Automotive | 80 | 0.21 | 0.13 | 72,806 | (71) |
| Food Processing and Manufacturing | 56 | 0.12 | 0.59 | 54,747 | 15 |
| Nonmetal Mining | 56 | 1.35 | 0.30 | 112,098 | (27) |
| Communications Equipment and Services | 54 | 0.44 | 2.74 | 194,312 | (28) |
| Insurance Services | 52 | 0.08 | 0.68 | 89,718 | (13) |
| GROUP TOTAL / AVG | 13,007 | 0.73 | 1.00 | \$77,064 | (581) |
| CITY TOTAL | 65,159 | N/A | N/A | \$68,612 | 5,381 |

Note: LQ = Location Quotient; 10-year job change is from 2010 to 2020. *County LQ provided for comparison purposes.

Source: U.S. Cluster Mapping Project; EMSI; The Natelson Dale Group, Inc. (TNDG).

**TABLE 4. SUMMARY CHARACTERISTICS AND TRENDS, EL CAJON AREA LARGEST LOCAL CLUSTERS
(LIST INCLUDES ALL CLUSTERS WITH MORE THAN 500 JOBS IN 2020)**

| LOCAL CLUSTER | JOBS | LQ | COUNTY LQ* | AVG ANN WAGE | 10-YR JOB CHANGE |
|---|---------------|-------------|-------------|-----------------|------------------|
| Local Real Estate, Construction, & Development | 11,347 | 2.19 | 1.08 | \$74,589 | 2,748 |
| Local Health Services | 5,835 | 0.78 | 0.84 | 63,927 | 1,001 |
| Local Hospitality Establishments | 4,309 | 0.94 | 1.04 | 27,808 | 343 |
| Local Federal Government | 3,436 | 1.68 | 2.81 | 106,743 | (69) |
| Local Government | 3,407 | 1.49 | 0.98 | 114,508 | 199 |
| Local Community and Civic Organizations | 3,319 | 1.42 | 1.10 | 29,826 | 1,474 |
| Local Education and Training | 3,236 | 0.91 | 0.88 | 83,137 | (5) |
| Local Motor Vehicle Products and Services | 3,158 | 1.67 | 0.80 | 61,622 | 80 |
| Local Retailing of Clothing and Gen. Merchandise | 2,337 | 1.34 | 0.91 | 36,811 | (470) |
| Local Commercial Services | 2,155 | 0.57 | 1.00 | 59,324 | 118 |
| Local Personal Services (Non-Medical) | 1,921 | 1.22 | 1.01 | 41,325 | 216 |
| Local Food and Beverage Processing and Distribution | 1,902 | 1.05 | 0.91 | 39,803 | 280 |
| Local Household Goods and Services | 1,116 | 1.18 | 1.09 | 47,609 | 13 |
| Local Logistical Services | 979 | 0.83 | 0.70 | 68,101 | (73) |
| Local Financial Services | 734 | 0.54 | 0.74 | 102,009 | 134 |
| Local Utilities | 630 | 1.40 | 0.94 | 179,508 | 52 |
| GROUP TOTAL / AVG | 49,822 | 1.18 | 1.04 | \$66,950 | 6,041 |
| CITY TOTAL | 65,159 | N/A | N/A | \$68,612 | 5,381 |

Note: LQ = Location Quotient; 10-year job change is from 2010 to 2020. *County LQ provided for comparison purposes.

Source: U.S. Cluster Mapping Project; EMSI; The Natelson Dale Group, Inc. (TNDG).

TABLE 5. JOB GROWTH/RETRACTION PERFORMANCE COMPARED TO NATIONAL TRENDS FOR LARGEST TRADED CLUSTERS, EL CAJON AREA, EAST SAN DIEGO, AND SAN DIEGO COUNTY

| TRADED CLUSTER | 2010-20 GROWTH PERFORMANCE BASED ON SHIFT SHARE ANALYSIS | | |
|---|---|--------------|-------------|
| | EL CAJON | E. SAN DIEGO | S.D. COUNTY |
| Aerospace Vehicles and Defense | - | N/A | + |
| Agricultural Inputs and Services | + | - | - |
| Apparel | + | + | + |
| Automotive | - | - | - |
| Biopharmaceuticals | + | + | + |
| Business Services | + | + | + |
| Communications Equipment and Services | - | - | + |
| Construction Products and Services | - | + | + |
| Distribution and Electronic Commerce | - | - | - |
| Downstream Chemical Products | + | + | + |
| Downstream Metal Products | + | - | + |
| Education and Knowledge Creation | - | - | + |
| Environmental Services | + | + | + |
| Financial Services | - | - | - |
| Food Processing and Manufacturing | + | + | + |
| Furniture | - | - | - |
| Hospitality and Tourism | - | - | - |
| Information Technology and Analytical Instruments | - | - | - |
| Insurance Services | - | - | - |
| Lighting and Electrical Equipment | + | - | - |
| Marketing, Design, and Publishing | - | - | - |
| Medical Devices | - | + | + |
| Metalworking Technology | + | - | + |
| Nonmetal Mining | - | + | - |
| Paper and Packaging | + | + | + |
| Performing Arts | - | + | - |
| Plastics | - | - | - |
| Printing Services | - | - | - |
| Production Technology and Heavy Machinery | + | + | + |
| Recreational and Small Electric Goods | - | - | - |
| Transportation and Logistics | - | - | + |
| Upstream Metal Manufacturing | + | + | + |
| Video Production and Distribution | + | - | - |
| Water Transportation | - | + | + |
| Wood Products | + | + | - |

Note: " + " = growth performance better than expected; " - " worse than expected.
Source: U.S. Cluster Mapping Project; EMSI; The Natelson Dale Group, Inc. (TNDG).

TABLE 6. JOB GROWTH/RETRACTION PERFORMANCE COMPARED TO NATIONAL TRENDS FOR LARGEST LOCAL CLUSTERS, EL CAJON, EAST SAN DIEGO, AND SAN DIEGO COUNTY

| TRADED CLUSTER | 2010-20 GROWTH PERFORMANCE BASED ON SHIFT SHARE ANALYSIS | | |
|---|---|--------------|-------------|
| | EL CAJON | E. SAN DIEGO | S.D. COUNTY |
| Local Commercial Services | - | - | - |
| Local Community and Civic Organizations | + | + | + |
| Local Education and Training | + | + | + |
| Local Federal Government | + | + | - |
| Local Financial Services | + | + | + |
| Local Food and Beverage Processing and Distribution | + | + | + |
| Local Government | + | + | + |
| Local Health Services | + | + | + |
| Local Hospitality Establishments | + | + | + |
| Local Household Goods and Services | - | - | - |
| Local Logistical Services | - | + | + |
| Local Motor Vehicle Products and Services | - | - | - |
| Local Personal Services (Non-Medical) | + | + | + |
| Local Real Estate, Construction, and Development | + | + | + |
| Local Retailing of Clothing and General Merchandise | - | + | - |
| Local State Government | + | + | + |
| Local Utilities | + | + | + |

Note: " + " = growth performance better than expected; " - " worse than expected.

Source: U.S. Cluster Mapping Project; EMSI; The Natelson Dale Group, Inc. (TNDG).

“Candidate” Clusters for El Cajon’s Target Industry Program

Table 7, on the following page, provides a list of candidate clusters for the City of El Cajon’s industry targeting program (i.e., business retention, expansion and attraction). The candidate clusters are based on two strategic approaches to industry targeting:

1. **Build on El Cajon’s existing core strengths.** In some cases (e.g., Local Health Services), the core clusters represent strong continuing growth opportunities that could be the focus of business expansion/attraction efforts. In other cases (e.g., Recreational and Small Electric Goods), the existing core clusters are currently recognized nationally as non-growth or declining industries (in these cases, the City’s industry targeting efforts would appropriately focus on retention/repositioning).
2. **Tap into dominant regional clusters that are not currently well represented in El Cajon.** This strategic approach would seek to leverage El Cajon’s competitive strengths to capture increasing shares of projected County employment growth. This component of the City’s business attraction/marketing program would focus on the El Cajon’s unique “selling points” relative to the larger regional economy (including the city’s strategic location near several San Diego County area submarkets, a resident workforce that includes large numbers of commuters potentially eager to work closer to home, and the established presence of various manufacturing-related industries). In developing the preliminary list of candidates for the “tap into dominant County clusters” strategy, the consultant has focused on clusters meeting the following criteria:
 - a. Traded clusters (local clusters are addressed in the other strategic approach)
 - b. Clusters with a high specialization of employment in the San Diego metropolitan area (identified as a “strong” cluster by the U.S. Cluster Mapping project)⁹
 - c. Clusters primarily oriented towards private business investment (in contrast to clusters that are substantially composed of government/nonprofit employment – which are generally considered to have lower economic “spin-off” opportunities)

Table 8 summarizes key characteristics for the candidate clusters identified in Table 7. The characteristics include annual average wages, projected 10-year job growth (for San Diego County and the State of California regions), and additional qualitative criteria.

⁹ The U.S. Cluster Mapping project defines a metro area’s “strong” clusters as those with a high specialization in the region (metropolitan statistical area [MSA]). *High Specialization* indicates the LQ of Cluster Employment is greater than the 75th percentile when measured across all MSAs. There are 917 total MSAs in the U.S. Thus, for a cluster to be classified as “strong” in the San Diego MSA, its LQ must be greater than the LQ of that specific cluster in at least 687 of the MSAs in the U.S.

TABLE 7. PRELIMINARY LIST OF CANDIDATE CLUSTERS FOR EL CAJON’S INDUSTRY PROGRAM

| STRATEGIC APPROACH | LOCAL-SERVING CLUSTERS | "TRADED" CLUSTERS |
|---|--|--|
| Build on El Cajon existing core strengths | <ul style="list-style-type: none"> • Local Real Estate, Construction, and Development • Local Motor Vehicle Products and Services • Local Education and Training • Local Health Services | <ul style="list-style-type: none"> • Education and Knowledge Creation • Aerospace Vehicles and Defense • Recreational and Small Electric Goods • Environmental Services |
| Tap into dominant County industry clusters that are not currently well represented in the local El Cajon area | | <ul style="list-style-type: none"> • Communications Equipment and Services • Business Services • Biopharmaceuticals • Medical Devices • IT and Analytical Instruments |

Source: The Natelson Dale Group, Inc. (TNDG).

TABLE 8. CHARACTERISTICS OF CANDIDATE CLUSTERS

| CANDIDATE CLUSTER | AVG ANN WAGE ¹ | PROJECTED 10-YR JOB GROWTH ² | | DOES THE CLUSTER LEVERAGE POTENTIAL STRATEGIC ADVANTAGES AND PRIORITIES? | | |
|---|---------------------------|---|------------|--|-----------------------------------|---------------------------|
| | | SAN DIEGO COUNTY | CA | MFG./R&D FOCUS | SUPPORTED BY REGIONAL INITIATIVES | "STRONG" REGIONAL CLUSTER |
| El Cajon Existing Clusters | | | | | | |
| Education and Knowledge Creation | \$139,123 | 5,025 | 71,238 | | | ✓ |
| Aerospace Vehicles and Defense | 129,218 | 3,070 | Job Losses | ✓ | ✓ | ✓ |
| Recreational and Small Electric Goods | 93,411 | Job Losses | Job Losses | ✓ | ✓ | |
| Environmental Services | 72,307 | 90 | 576 | ✓ | ✓ | |
| <i>Local</i> Real Estate, Construction, and Development | 76,226 | 5,165 | 95,702 | | | |
| <i>Local</i> Motor Vehicle Products and Services | 58,364 | Job Losses | Job Losses | | | |
| <i>Local</i> Education and Training | 80,747 | 2,544 | 31,162 | | | |
| <i>Local</i> Health Services | 87,255 | 32,293 | 336,391 | | | |
| Regional Clusters | | | | | | |
| Communications Equipment and Services | \$153,124 | Job Losses | Job Losses | ✓ | ✓ | ✓ |
| Business Services | 116,927 | 21,484 | 216,576 | | ✓ | |
| Biopharmaceuticals | 164,720 | 841 | 1,179 | ✓ | ✓ | ✓ |
| Medical Devices | 133,868 | 91 | 2,475 | ✓ | ✓ | ✓ |
| IT and Analytical Instruments | 170,297 | 3,617 | 51,371 | ✓ | ✓ | ✓ |

Note: 1. Average compensation based on averages for San Diego County. 2. Net number of new jobs.

Source: The Natelson Dale Group, Inc. (TNDG); Employment Clusters Analysis, SANDAG.

5. EDSP Action Plan

Overview of Action Plan

The EDSP Action Plan is designed to achieve the following major goals:

- Expand economic opportunities for El Cajon’s resident workforce by fostering creation of a diverse range of quality jobs accessible to residents across the spectrum of education/skill levels
- Revitalize El Cajon’s commercial and industrial areas by encouraging private investment that responds to anticipated real estate market demand
- Strengthen the City’s fiscal position by attracting land uses and business types that have the potential to generate General Fund revenue

Whereas these goals largely revolve around attracting and retaining targeted business investment, the Action Plan recognizes that the strength of the local business/development environment will ultimately depend on El Cajon’s strategic attention to a range of “foundational” conditions such as:

- Education/workforce development systems
- Entrepreneurial development resources
- The City’s reputation for business/development friendliness
- Land, zoning and infrastructure capacity
- Placemaking activities that leverage El Cajon’s unique locational advantages and sense of community
- Overall image and quality of life

Prioritization of City Resources

The EDSP is intended to provide a “roadmap” to guide the City’s economic development efforts over the next five years (FY 2022-2023 through FY 2026-2027). The Action Plan is intended to assist the City in aligning its program priorities to match the market opportunities identified during this planning effort. Whereas many of the proposed strategies involve activities that the City is already undertaking to some extent, the Action Plan also recommends some programs that would be new activities for the City. As such, full implementation of the Plan would likely require additional City staff dedicated to economic development. In addition, the Plan identifies opportunities for the City to leverage its in-house economic development resources through collaboration with various non-City partner organizations.

Recognizing that the City’s priorities for economic development are likely to evolve during the course of the 5-year implementation period, the Plan includes guidelines for periodically monitoring the effectiveness of initial efforts and adjusting the recommended programs based on changes in circumstances, available resources, etc.

Recommended Business Retention/Expansion/Attraction Targets

Implementation of the EDSP Action Plan will position the City to be competitive for a targeted business development program including the following elements:

- **Retention** of existing firms/industries that are in a “repositioning”¹⁰ mode due to national/statewide market and regulatory conditions;
- **Expansion** of existing firms in strong growth sectors;
- **Attraction** of new firms based on El Cajon’s competitive advantages within the San Diego/southern California regions; and
- **Entrepreneurial development**, with a focus on technology-oriented firms aligned with the region’s core industries.

As described in Chapter 4, the EDSP target industry analysis identified a total of eleven industry clusters¹¹ that are of potential strategic targets for El Cajon. Among the eleven clusters, six are recommended as priority targets for this Action Plan:

1. Information technology and analytical instruments
2. Medical devices
3. Biopharmaceuticals
4. Real estate, construction and development
5. Aerospace vehicles and defense
6. Health services

In order to efficiently concentrate available marketing resources on the most promising target industries, the EDSP will include an **initial** focus on the six priority clusters. The remaining seven clusters would potentially be added as secondary priorities later in the implementation period (i.e., Year 3 or later).

The table on the following page lists El Cajon’s potential target industries (with high-priority targets highlighted in yellow). The table also identifies the likely areas of programmatic focus (i.e., retention, expansion, attraction, and/or entrepreneurial development) most relevant to each industry cluster.

¹⁰ In addition to business retention, “repositioning” could also potentially be relevant to a focus on reshoring U.S. manufacturing – a strategy that is currently receiving significant discussion in the economic development profession in light of the pandemic.

¹¹ Industry “clusters” are closely aligned groups of industry sectors representing supply-chain relationships. The “Medical Devices” cluster, for example, includes not only the actual manufacturing of medical devices but also related industries that provide inputs to the manufacturing process and support the sales and distribution of finished products.

RECOMMENDED TARGET INDUSTRIES
(INITIAL PRIORITIES INDICATED IN YELLOW)

| Potential Industry/Cluster Targets | Focus of economic development activity | | | | |
|--|--|-----------|------------|--------------------------------|----------------------|
| | Retention/ Repositioning | Expansion | Attraction | Entrepreneurial development | Community Amenity |
| Core strengths. Build on El Cajon’s existing core strengths: | | | | | |
| ● Real estate, Construction and Development | | | | | |
| ● Aerospace Vehicles and Defense | | | | | |
| ● Health Services | | | | | |
| ● Recreational and Small Electric Goods | | | | | |
| ● Motor Vehicle Products and Services | | | | | |
| ● Environmental Services | | | | | |
| Regional clusters. Tap into dominant regional industry clusters that are not currently well represented in El Cajon, such as: | | | | | |
| ● Information Technology and Analytical Instruments | | | | | |
| ● Medical Devices | | | | | |
| ● Biopharmaceuticals | | | | | |
| ● Business Services | | | | | |
| ● Communications Equipment and Services | | | | | |

EDSP Strategies

The EDSP Action Plan is organized around nine major strategies which are outlined below and detailed on the following pages.

Industry Targeting: Business Development / Job Creation

1. Focus City's ***business retention/expansion/attraction*** efforts around high-priority industry clusters
2. Collaborate with regional partners to expand availability of ***entrepreneurial development*** resources in El Cajon
3. Implement targeted ***economic development marketing program***

Umbrella Programs: Creating an Environment for Economic Progress

4. Leverage the City's in-house resources for economic development through ***strategic partnerships, interdepartmental collaboration, and community involvement***.
5. Enhance City's interface with ***education/workforce development*** partners

Land Use / Placemaking Programs: Physical Changes to Accommodate Quality Growth

6. Position Downtown El Cajon as a ***regional arts/entertainment center***
7. Implement ***"reposition retail" initiative*** to facilitate revitalization and/or repurposing of high-vacancy shopping centers based on potential market demand for other land uses (including "tech flex" space, office, residential and mixed-use)
8. Implement strategic initiative to ***attract investment in new (speculative) business park / "tech flex" buildings*** to accommodate targeted business growth
9. Implement integrated effort to ***expand the City's land, zoning and infrastructure capacity*** to accommodate anticipated development demand

Implementation Timeframes

Each EDSP Strategy includes a list of specific Action Steps, which are intended to be implemented over the next 5 years (starting July 1, 2022). The recommended implementation timeframe for each action item is provided on the tables below, based on the following color coding:

- Red = Year 1 (FY 2022-2023)**
- Green = Year 2 (FY 2023-2024)**
- Purple = Year 3 or later (FY 2024-2025 through FY 2026-2027)**

| STRATEGY 1: Focus City’s business retention/expansion/attraction efforts around high-priority industry clusters | |
|---|---|
| <p>Brief Description of Program</p> <p>Within El Cajon’s limiting remaining land/development capacity (and opportunities for re-tenanting/repurposing existing underutilized buildings), City will focus its business development efforts on market-feasible industries/clusters (see recommended list in preceding section of the EDSP) with the highest potential to:</p> <ul style="list-style-type: none"> ● Create/retain high-paying jobs ● Increase tax base ● Contribute to sense of place | <p>City’s Positioning/Roles in Implementation</p> <p>The City will take a <u>lead, in-house role</u> in implementing a El Cajon-specific target industry program. The program will also involve some coordination with (and support from) regional partners.</p> |
| <p>Action Steps <i>(Red = Year 1; Green = Year 2; Purple = Year 3 or later)</i></p> <ul style="list-style-type: none"> A. Identify a “short list” of 6-8 industry clusters for the City’s initial targeting efforts (the consultant’s recommendations – based on the industry cluster analysis and the priority levels suggested by the EDSP Committee – are listed on pages 25 and 26 of the EDSP) B. Compile database of existing El Cajon/East County firms relevant to each targeted cluster C. Define outreach strategy for maintaining ongoing communication with key existing firms in retention/expansion clusters; outreach tactics could include a mix of industry meetings/mixers, online surveys, site visits, and direct mail D. Conduct needs assessment (via outreach in Step C) of firms receptive to business retention/expansion assistance and develop customized responses (packaging of City and non-City resources) to address specific needs of assisted firms E. Implement marketing effort (see Strategy 3 below) for identified business attraction targets F. Customize entrepreneurial development resources (see Strategy 2 below) to maximize startup potentials in targeted industry clusters G. Customize workforce development resources (see Strategy 5 below) to ensure competitive pipeline of workers to meeting staffing needs of targeted industry clusters | |
| <p>Partnership Resources</p> <ul style="list-style-type: none"> ● Commercial/industrial real estate brokers ● San Diego E. County Chamber of Commerce | |

| | |
|---|--|
| STRATEGY 1: Focus City’s business retention/expansion/attraction efforts around high-priority industry clusters | |
| <ul style="list-style-type: none"> ● East County Economic Development Council (ECEDC) | <ul style="list-style-type: none"> ● San Diego Regional Economic Development Corporation (EDC) ● San Diego Workforce Partnership |
| Other Potential Implementation Tools/Investments | |
| <ul style="list-style-type: none"> ● Business retention/expansion software (e.g., Synchronist) ● Business screening/lead identification database (e.g., Gazelle.AI) | |
| Year 1 Milestones/Checklist | |
| <ul style="list-style-type: none"> ● BRE outreach program designed ● Target industry prioritization | <ul style="list-style-type: none"> ● Outreach to 50 existing El Cajon firms |

| | |
|---|--|
| STRATEGY 2: Collaborate with regional partners to expand availability of entrepreneurial development resources in El Cajon | |
| Brief Description of Program | City’s Positioning/Roles in Implementation |
| <p>City will launch an across-the-board effort (via multiple EDSP strategies) to attract and foster startups (with a particular focus on entrepreneurial opportunities in the EDSP target industry clusters).</p> <p>This strategy includes a possible City role in planning (and potentially directly investing in) a business incubator facility to foster high-value business startups in El Cajon.</p> | <p>The City will mostly serve in a <u>coordination/clearinghouse capacity</u>, drawing on the established programs of regional partners. More directly (through other EDSP strategies), the City will focus on creating an innovative business environment attractive to prospective entrepreneurs. To the extent the City determines that direct investment in an incubator facility is warranted, this could potentially be funded through available ARPA resources.</p> |
| Action Steps | |
| <i>(Red = Year 1; Green = Year 2; Purple = Year 3 or later)</i> | |
| <ul style="list-style-type: none"> A. Conduct meetings with regional partners listed below to unveil EDSP target industry cluster program and identify targeted industries likely to offer significant entrepreneurial development opportunities B. Update webpage summarizing City’s entrepreneurial development opportunities/resources C. Convene East County working group to assess demand for (and potential resources to support) business incubation facilities in El Cajon D. In conjunction with regional partners, conduct a “gap analysis” to identify needs for new programs and to assess partner capacity to supply needed training and other entrepreneurial development resources E. If needed organize a local annual “startup network” workshop featuring presentations from partner organizations and providing networking opportunities for prospective startups F. Implement other EDSP strategies supportive of a culture of innovation and entrepreneurship, especially: <ul style="list-style-type: none"> ○ Economic development marketing program (Strategy 3) ○ Workforce development interface (Strategy 5) | |

| | |
|--|--|
| STRATEGY 2: Collaborate with regional partners to expand availability of entrepreneurial development resources in El Cajon | |
| <ul style="list-style-type: none"> ○ Business park / “tech-flex” space development (Strategy 8) <p>G. Pursue options for establishing incubator facilities/programs accessible to startups in El Cajon (based on initial investigations in Step C above)</p> <p>H. Investigate options for key partner organizations establishing field offices in El Cajon to support expanded focus on entrepreneurial development and startup assistance</p> | |
| Partnership Resources | |
| <ul style="list-style-type: none"> ● San Diego E. County Chamber of Commerce ● East County Economic Development Council ● Local banks ● San Diego Regional EDC | <ul style="list-style-type: none"> ● Small Business Development Center (SBDC) ● San Diego Startup Month ● Tech Coast Angels (San Diego) |
| Year 1 Milestones/Checklist | |
| <ul style="list-style-type: none"> ● Initial meetings with all key partners ● Initial assessment of incubator needs/ development options | <ul style="list-style-type: none"> ● Webpage update |

| | |
|--|---|
| STRATEGY 3: Implement targeted economic development marketing program, consistent with City’s broader branding initiatives | |
| <p>Brief Description of Program</p> <p>The City will launch an economic development-specific marketing program with the following objectives:</p> <ul style="list-style-type: none"> ● Exposure to targeted industry clusters within region (to improve El Cajon’s competitive positioning) ● Lead generation for business attraction ● Raising public awareness of City’s business assistance resources ● Promoting wider awareness of the City’s established “business friendly” status ● Promoting El Cajon’s downtown as a regional destination ● Positioning El Cajon as an attractive place for tech/professional workers to live <p>(The above elements could be phased-in over several years)</p> <p>As part of its overall marketing program, the City will pursue specific messaging that highlights the City’s successful efforts to expedite and clarify development approval processes, business permitting, and the like and initiatives that</p> | <p>City’s Positioning/Roles in Implementation</p> <p>The City will take a <u>lead, in-house role</u> in implementing the economic development-specific marketing program. Initial program design would likely require support from a professional marketing agency. El Cajon will also leverage its City-level marketing investment through participation in regional marketing initiatives.</p> |

| | |
|---|--|
| STRATEGY 3: Implement targeted economic development marketing program, consistent with City's broader branding initiatives | |
| demonstrate the City's commitment to taking proactive measures to support businesses. | |
| <p>Action Steps <i>(Red = Year 1; Green = Year 2; Purple = Year 3 or later)</i></p> <p>A. Facilitate an ad hoc committee process to define themes, objectives, targets and community "selling points" for marketing initiative</p> <p>B. Update City's economic development webpages to reflect new marketing targets identified in EDSP</p> <p>C. Coordinate with partners to ensure that EDSP marketing targets (and associated "selling points") are optimally positioned within regional marketing initiatives (including partner websites, etc.)</p> <p>D. Coordinate with partners to ensure that the message of El Cajon's business friendliness ties into whatever similar messaging is applicable to the region, through their various marketing platforms appropriate</p> <p>E. Investigate options for professional marketing services to support design/implementation of new marketing program</p> | |
| <p>Partnership Resources</p> <ul style="list-style-type: none"> ● San Diego E. County Chamber of Commerce ● East County EDC ● San Diego Regional EDC ● Downtown El Cajon Business Partners ● Commercial/industrial real estate brokers ● Building Industry Association | |
| <p>Other Potential Implementation Tools/Investments</p> <ul style="list-style-type: none"> ● Professional marketing agency (with economic development expertise) | |
| <p>Year 1 Milestones/Checklist</p> <ul style="list-style-type: none"> ● Ad Hoc committee meetings as needed ● Start communication of message ● Webpage updates ● Partner interface | |

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| STRATEGY 4: Leverage the City's in-house resources for economic development through strategic partnerships, interdepartmental collaboration, and community involvement. | |
| <p>Brief Description of Program</p> <p>The City's Community Development Department will systematically expand its economic development program capacity by engaging a range of internal and external partners, and key community advocates.</p> | <p>City's Positioning/Roles in Implementation</p> <p>This is an "umbrella" strategy to support the City's <u>coordination</u> of other strategies and to address broader community/regional issues which directly or indirectly affect El Cajon's competitiveness for economic development.</p> |
| <p>Action Steps <i>(Red = Year 1; Green = Year 2; Purple = Year 3 or later)</i></p> <p>A. As appropriate, convene ad hoc committees to support progress on specific topics/strategies</p> <p>B. Coordinate with other City departments to launch special initiatives to address communitywide issues that affect El Cajon's competitiveness for economic development (e.g., homelessness) and to institutionalize an integrated/holistic approach to economic development</p> <p>C. Systematically engage City's external partners in EDSP implementation</p> | |

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| STRATEGY 4: Leverage the City’s in-house resources for economic development through strategic partnerships, interdepartmental collaboration, and community involvement. |
| <p>D. Coordinate with external partners to collaboratively address regional issues impacting East County’s economic competitiveness (e.g., regional infrastructure investments/funding, County regulatory policy, etc.)</p> <p>F. Host annual partner appreciation luncheon (inviting all EDSP collaborating partners, City department heads, and representatives of key target industries) to report on City’s economic development progress</p> <p>E. Separate from the partner event, host annual <i>broker/developer appreciation luncheon</i> (or other appropriate event) focused on strengthening the City’s connections to the East County commercial/industrial real estate development community</p> |
| <p>Partnership Resources</p> <p>All partner organizations listed for other strategies</p> |
| <p>Year 1 Milestones/Checklist</p> <ul style="list-style-type: none"> ● Designation of ad hoc committees as appropriate |

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| STRATEGY 5: Enhance City’s interface with education/workforce development partners | |
| <p>Brief Description of Program</p> <p>The City will systematically interface with education and workforce development partners to support the following outcomes:</p> <ul style="list-style-type: none"> ● Improve information flow between employers and educators/trainers regarding needed skills for targeted industry clusters ● Improve El Cajon’s positioning in regional “talent attraction” initiatives ● Increase awareness of El Cajon residents about available training/job placement services | <p>City’s Positioning/Roles in Implementation</p> <p>Whereas core educational/workforce development services will continue to be delivered primarily by partner organizations, the intent of this strategy is to more strongly support these partners in a <u>coordination/clearinghouse capacity</u>. This coordination role would involve streamlining and clarifying regional/partner resources to maximize their value to El Cajon’s business community.</p> |
| <p>Action Steps <i>(Red = Year 1; Green = Year 2; Purple = Year 3 or later)</i></p> <p>A. Actively engage with San Diego Workforce Partnership to ensure that:</p> <ul style="list-style-type: none"> ○ City has complete/most recent information about Partnership programs; this will maximize likelihood of El Cajon businesses accessing resources; it also provides a lead generation opportunity for the Partnership ○ City is fully linked to Partnership’s initiatives <p>B. Actively engage El Cajon school districts in the City’s economic development process and constructively support the districts’ progress through the following types of activities:</p> <ul style="list-style-type: none"> ○ Coordination with local employers to establish high school internship opportunities ○ Promoting student/intern “success stories” as part of City’s marketing efforts | |

STRATEGY 5: Enhance City’s interface with education/workforce development partners

- Investigate potential for mentorship programs focused on highlighting career pathways for high school students
- C. Establish and facilitate periodic meetings of a “El Cajon Workforce Excellence” taskforce (including representatives of the partner organizations listed below); this action item would serve the following major purposes:
 - Coordination of the various service providers related to workforce training to ensure consistent dissemination of information about available programs/resources
 - Facilitating useful connections between employers and training organizations
 - Ensuring equal access to workforce development programs by all El Cajon residents and identifying needs for expanded outreach to underserved communities/neighborhoods
- D. Conduct employer survey (potentially as part of business retention/expansion outreach in Strategy 1) to get direct input from employers regarding high-demand occupations and skill sets
- E. Convene periodic focus group meetings with human resources managers representing key employers in El Cajon
- F. In tandem with partners, establish other ongoing mechanisms to improve connection between employers and education/training resources

Partnership Resources

- San Diego Workforce Partnership
- Cajon Valley Union School District
- La Mesa-Spring Valley School District
- Grossmont Union High School District
- Grossmont College
- Kumeyaay Community College
- Cuyamaca College
- ATA College
- Summit College – El Cajon campus
- California Southern College
- East County EDC
- San Diego E. County Chamber
- Trade schools / labor unions

Year 1 Milestones/Checklist

- Coordination meeting with San Diego Workforce Partnership and school districts

STRATEGY 6: Position Downtown El Cajon as a regional arts/entertainment center

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| <p>Brief Description of Program This strategy will build on existing assets (e.g., Magnolia Performing Arts Center, Prescott Promenade, etc.) to leverage and expand downtown’s attractiveness as an entertainment destination.</p> | <p>City’s Positioning/Roles in Implementation City will begin by <u>leading</u> the investigation into how this strategy can relate to and best be coordinated with other downtown strategies, including the potential role of festivals, special events, housing development, etc., and as appropriate support further research into this issue.</p> |
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Action Steps
 (Red = Year 1; Green = Year 2; Purple = Year 3 or later)

- A. Convene “downtown working group” comprised (at a minimum) of the partners listed below, to identify critical connections between the EDSP and downtown-specific business/development opportunities (including the potential for expanding market-rate housing)
- B. Incorporate downtown positioning strategy in City’s economic development marketing initiative (Strategy 3)
- C. Evaluate potential options for providing density bonuses (in addition to the existing mixed-use overlay) to incentivize development of higher-end/higher-density housing
- D. Pursue additional strategies (based on needs identified by working group) to focus City policies and resources on the downtown

(See Strategy 9, Action Step D for action item related to the Low property – a significant redevelopment opportunity in the downtown)

Partnership Resources

- Downtown El Cajon Business Partners
- San Diego E. County Chamber of Commerce
- East County EDC
- Live Nation
- Local/regional arts organization
- Housing / mixed-use developers

Year 1 Milestones/Checklist

- Convene downtown working group and facilitate 2-4 scoping meetings
- Completion of density bonus study and related policy recommendations

STRATEGY 7: Implement “reinvent retail” initiative to facilitate revitalization and/or repurposing of high-vacancy shopping centers based on potential market demand for other land uses (including “tech flex” space, office, residential and mixed-use)

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| <p>Brief Description of Program Although the real estate market analysis completed for the EDSP process indicates some potential demand for new retail/restaurant tenancies in El Cajon (which could potentially be focused in specialty shopping areas such as the downtown), global trends for the retail industry</p> | <p>City’s Positioning/Roles in Implementation The City will take a <u>lead, in-house role</u> in implementing this strategy. The program will also involve direct coordination with property owners and the development community.</p> |
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STRATEGY 7: Implement “reinvent retail” initiative to facilitate revitalization and/or repurposing of high-vacancy shopping centers based on potential market demand for other land uses (including “tech flex” space, office, residential and mixed-use)

suggest that older shopping centers will increasingly struggle to maintain acceptable occupancy levels and vibrant tenant mixes. The City will work proactively with shopping center owners to define mutually beneficial solutions to these challenges.

Action Steps

(Red = Year 1; Green = Year 2; Purple = Year 3 or later)

- A. Initiate contact with ownership/management of key shopping centers to assess interest in redeveloping properties and to determine means by which City could facilitate/incentivize action on redevelopment
- B. Investigate potential applicability of Federal and State authorized “tools” to increase the feasibility of redevelopment/reinvestment actions (see list of potential tools below); for example, available ARPA funds could potentially be utilized to incentivize/leverage private investment in shopping center revitalization
- C. Conduct focus group meeting with development community (developers and brokers familiar with the East County market) to identify market demand prospects for various reuse approaches/concepts:
 - Mixed-use development in which a portion of existing retail use is retained, and surplus land is devoted to other uses (mostly likely housing and/or office)
 - Opportunities to fulfill City’s RHNA affordable housing obligations by allowing residential development on shopping center sites
 - Opportunities for market-rate housing development (appropriate for a full range of income levels, including “workforce” housing) on shopping center sites
 - Opportunities to pursue development of Class A office space
 - Opportunities to pursue development of light industrial / “tech flex” space
- D. Prepare development prototypes (i.e., drawings/renderings) and pro forma financial analyses to document the potential financial attractiveness (to property owners) of site redevelopment
- E. Develop information packages to demonstrate the economic/financial advantages (to property owners) of site redevelopment

(See Strategy 9, Action Step D for action item related to a collaborative “reimagining” process for Parkway Plaza)

Partnership Resources

- Commercial/industrial real estate brokers
- Shopping center owners
- Development community

Other Potential Implementation Tools

- Community Revitalization and Investment Authorities (State legislation)
- Enhanced Infrastructure Financing Districts (State legislation)
- Federal Opportunity Zones
- CERF (state) and ARPA/BBB (federal) funding resources

STRATEGY 7: Implement “reinvent retail” initiative to facilitate revitalization and/or repurposing of high-vacancy shopping centers based on potential market demand for other land uses (including “tech flex” space, office, residential and mixed-use)

Year 1 Milestones/Checklist

- Coordination with commercial brokers
- Analysis of funding options for incentives
- Meetings with shopping center owners

STRATEGY 8: Attract investment in new (speculative) business park / “tech flex” buildings to accommodate targeted business growth

Brief Description of Program

The lack of available/modern industrial space in El Cajon is recognized as a key constraint to business attraction. The challenge of developing additional industrial building space is complicated by the very limited supply of vacant land zoned for industrial development. This strategy will focus on creating capacity for new development by identifying opportunities for redevelopment of existing properties, implementing innovative zoning policies, and marketing investment opportunities to the development community.

City’s Positioning/Roles in Implementation

The City will take a lead, in-house role in implementing City policies to expand industrial development/redevelopment capacity. The program will also involve coordination with the private development community.

Action Steps

(Red = Year 1; Green = Year 2; Purple = Year 3 or later)

- A. Initiate outreach to existing industrial property owners (targeting older/underutilized facilities) to assess interest in reinvesting in properties (to create space suitable for technology-oriented tenants) and to determine means by which City could facilitate/incentivize action on reinvestment or redevelopment
- B. Identify “industrial reinvestment” target areas in which to focus other relevant EDSP strategies
 - Business retention/expansion attraction (Strategy 1)
 - Entrepreneurial development (Strategy 2)
 - Economic development marketing (Strategy 3)
 - “Reposition retail” initiative (Strategy 7)
 - Expanded land, zoning and infrastructure capacity (Strategy 9)
- C. Investigate potential applicability of Federal and State authorized “tools” to increase the feasibility of redevelopment/reinvestment actions (see list of potential tools below); for example, available ARPA funds could potentially be utilized to incentivize/leverage private investment in industrial property revitalization (this Action Step is also included in Strategy 7)
- D. Design and implement specific incentive program focused on catalyzing investment in business park / “tech flex” development

(See Strategy 9, Action Step D for action item related to the surplus Kaiser property – El Cajon’s most significant development opportunity)

Partnership Resources

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| STRATEGY 8: Attract investment in new (speculative) business park / “tech flex” buildings to accommodate targeted business growth | |
| <ul style="list-style-type: none"> • Commercial/industrial property owners • East County EDC | <ul style="list-style-type: none"> • Development community |
| Other Potential Implementation Tools | |
| <ul style="list-style-type: none"> • Community Revitalization and Investment Authorities (State legislation) • Enhanced Infrastructure Financing Districts (State legislation) • Federal Opportunity Zones | |
| Year 1 Milestones/Checklist | |
| <ul style="list-style-type: none"> • Outreach to industrial property owners • Designation of industrial reinvestment zones | <ul style="list-style-type: none"> • Funding source analysis (to support implementation of incentive program) |

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| STRATEGY 9: Implement integrated effort to expand City’s land, zoning and infrastructure capacity to accommodate anticipated development demand | |
| <p>Brief Description of Program</p> <p>This strategy will have a dual, integrated focus: a) comprehensive evaluation of the City’s zoning and related land use policies, to expand capacity for anticipated commercial and light industrial development demand; and b) alignment of the City’s Capital Improvement Plan (CIP) with EDSP based on a comprehensive assessment of infrastructure needs in high-priority development areas.</p> <p>The city’s review of policies will include investigation into the potential for creative zoning revisions that could expedite the conversion of some older areas into more productive uses. Potential strategies can include proactive steps to both change zoning and zoning language and expedite change requests, and also consider “floating zones” to facilitate repurpose of obsolete commercial/industrial facilities.</p> <p>The effectiveness and feasibility of some of the recommended EDSP strategies will be highly dependent on strategic infrastructure investments to expand El Cajon’s capacity for targeted development. The City’s Economic Development staff will coordinate closely with other City departments to ensure that capital improvement projects critical to economic</p> | <p>City’s Positioning/Roles in Implementation</p> <p>The City’s economic development staff will have a lead role in coordinating relevant research etc. and eventually proposing new City zoning policies and infrastructure investments in response to emerging market opportunities.</p> |

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| STRATEGY 9: Implement integrated effort to expand City’s land, zoning and infrastructure capacity to accommodate anticipated development demand | |
| development are prioritized in the City’s CIP. The City will also closely track regional infrastructure investments impacting El Cajon’s economic development potentials. | |
| <p>Action Steps <i>(Red = Year 1; Green = Year 2; Purple = Year 3 or later)</i></p> <p>A. Conduct comprehensive review of existing business-related zoning districts and specific provisions, to assess: 1) current functionality in relation to existing development demands; 2) extent to which current zoning can facilitate upgrading of existing properties, for example to increase the supply of office and business park space; and 3) the potential to design and apply special overlay districts (or the concept of a citywide “floating zone”) for areas in particular need of revitalization/redevelopment</p> <p>B. Conduct review of City’s existing development processing/entitlement/permitting procedures to identify opportunities for streamlining</p> <p>C. Investigate options for streamlining the CEQA process for individual development projects (e.g., through the use of program-level environmental documents covering overall planning areas)</p> <p>D. Initiate site-specific studies and discussions with property owners to encourage/incentivize more productive use of major underutilized sites; initial focus areas should include: “reimagining” process for Parkway Plaza, policies to facilitate optimal development of surplus Kaiser property, and redevelopment of the Low property in the downtown area</p> <p>E. In conjunction with partner organizations involved in Strategies 1 through 8, develop lists of infrastructure improvements needed to support implementation of EDSP</p> <p>F. Segment EDSP infrastructure list in terms of responsible party (i.e., City infrastructure versus improvements that fall under jurisdiction of other entities) and priority level</p> <p>G. Coordinate with City’s CIP preparation process to position EDSP-related capital projects in CIP</p> <p>H. Coordinate with regional partners to prioritize EDSP-related improvements in regional infrastructure plans</p> <p>I. Work with County and Local Agency Formation Commission (LAFCO) to revise tax-sharing formula for future annexation areas (current tax structure is unfavorable to the City and therefore discourages annexations)</p> <p>J. Consider the use of professional planning/environmental services to address the preceding steps</p> | |
| <p>Partnership Resources</p> <ul style="list-style-type: none"> ● San Diego E. County Chamber of Commerce ● East County EDC ● Development community ● SANDAG | |
| <p>Other Potential Implementation Tools/Investments</p> <ul style="list-style-type: none"> ● Professional planning/CEQA services ● Community Revitalization and Investment Authorities (State legislation) ● Enhanced Infrastructure Financing Districts (State legislation) | |
| <p>Year 1 Milestones/Checklist</p> <ul style="list-style-type: none"> ● Review of zoning districts ● Identification CEQA streamlining options ● Concept development for “floating zone” | |

STRATEGY 9: Implement integrated effort to expand City’s land, zoning and infrastructure capacity to accommodate anticipated development demand

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| <ul style="list-style-type: none">• Scoping of studies and discussions with property owners for underutilized sites (Action Step D) | <ul style="list-style-type: none">• Identification of funding sources for planning/CEQA services |
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Monitoring Progress and Adjusting Action Plan Priorities

The Action Plan is intended to provide a general framework for the City’s economic development program over the next five years; it is not meant to be restrictive or to preclude the City from pursuing specific (unforeseen) opportunities that may emerge before the end of the 5-year implementation period. Indeed, rapidly evolving national and global economic conditions make it virtually certain that the City will find it advantageous to refine year-to-year priorities as the implementation process unfolds.

The **Year 1 Milestones/Checklists** provided for each major strategy are intended to provide a point of reference for an annual monitoring process. Specifically, by April 1 of each year (i.e., three months in advance of the fiscal year anniversary of the Plan implementation), City staff will conduct the following review process (with resulting recommendations to be reported to the City Council):

- Review prior year milestones/checklist to determine status of each action item
- List accomplishments/outcomes related to each action item
- For action items not completed as planned, determine reasons (e.g., lack of staffing resources, pre-empted by other priorities, determined to be a lower priority than originally anticipated, etc.)
- Review larger list of Action Steps for each strategy (including action steps slated for implementation in later years) to identify highest-priority actions for the subsequent fiscal year
- As appropriate, identify new Action Steps (not included in the original EDSP) that should be added based changes in circumstances, new market opportunities, etc.
- Prepare Milestone/Checklist for the subsequent year for each strategy
- Identify new staffing and/or other resources required to fully implement actions planned for the subsequent year

Appendix A: Existing Programs/Resources Relevant to the EDSP

Local Business Incentives

1. **San Diego Science and Technology Grant Program (The San Diego Foundation)**
Science & Technology grant program supports efforts to create and expand a pipeline connecting young adults to college and career opportunities.

State Business Incentives

2. **Employment Training Panel (ETP)**
Through a competitive application process ETP will issue contracts for specific training, typically geared towards higher skills or specialized positions.
3. **America's Job Center of California**
Works with local businesses offering a variety of services from pre-screening candidates for open positions, to offering interview facilities and support services for job seekers, free of charge.
4. **College Access Tax Credit (CATC)**
Provides a tax credit to taxpayers and businesses who contribute to Cal Grants, the State of California's largest source of educational financial aid.
5. **California Competes Tax Credit**
Helps companies stay and grow in California by reducing their state income tax.
6. **California Research and Development Credit**
Reduces income or franchise tax.
7. **California Capital Access Program (CalCAP)**
The program encourages banks and other financial institutions to make loans to small businesses that have difficulty obtaining financing.
8. **California Partial Sales Tax Exemption for Construction and Tenant Improvements**
Qualified purchases made under construction contracts for tenant or infrastructure improvements are also eligible for the same partial sales tax exemption of 3.9375%
9. **California Alternative Energy and Advanced Transportation Financing Authority (CAEATFA)**
Provides a sales and use tax exclusion (full rate, including local and district taxes) on qualifying property that is used in the design, manufacture, production, or assembly of "advanced transportation technologies or alternative energy source products, components, or systems," or "clean technology."
10. **California Employment Hiring Credit**
Eligible businesses could generate up to \$112,000 in tax credits per year from this program by hiring 10 new qualified employees.
11. **Recycling Market Development Zone**

Businesses within the South San Diego / Imperial County Recycling Market Development Zone that can demonstrate that they are recycling paper, plastic, glass and/or organic material are eligible for low-interest loans and technical assistance.

12. Economic Development Rate Program

This program gives special utility discounts for businesses that require high-energy loads to operate, or continue operating, in California.

13. Manufacturing and Research & Development Partial Sales and Tax Exemption

Manufacturers and certain research and developers may qualify for a partial exemption of sales and use tax on certain manufacturing and research and development equipment purchases and leases.

14. Industrial Development Bonds

Industrial development bonds provide financing for the acquisition, construction, rehabilitation and equipping of manufacturing and processing facilities for private companies.

Federal Business Incentives

15. Business Energy Investment Tax Credit (ITC)

A Department of Energy tax incentive that provides rebates to businesses when they use alternative energy, including solar.

16. New Markets Tax Credit Program

Incentivizes community development and economic growth through the use of tax credits that attract private investment to distressed communities.

17. Opportunity Zones

Provide investors tax incentives to invest in low-income census tracts by allowing them to defer tax on capital gains and decrease taxes on potential future gains.

18. Work Opportunity Tax Credit

A federal income tax credit incentive provided to private sector employers. An employer may be eligible for WOTC when they hire from certain target groups of job seekers who face employment barriers.

19. Historically Underutilized Business Zone (HUBZone) Program

The Historically Underutilized Business Zone (HUBZone) was created to stimulate economic development and employment growth in economically distressed communities by providing Federal contracting preferences to small businesses. Administered by the U.S. Small Business Administration (SBA), these preferences go to HUBZone certified small businesses that employ residents who live in a designated HUBZone as well as maintain its "principal office" in one of the specially designated areas.